

## Message Text

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20

ACTION XMB-04

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 /052 W

----- 101669

R 300831Z JAN 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1730

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E.O. 11652: N/A

TAGS: EFIN, BPRO, RP

SUBJECT: USED DC-8 PROCUREMENT BY PAL

STATE PASS TO EXIMBANK (HOUSTON) FROM CRAFTON

1. EXIMBANK TEAM HAS MET TWICE WITH IGOA OF PAL AND VARIOUS BANKERS REGRADING PROCUREMENT OF TWO USED EASTERN DC-8-61 AIRCRAFT NOW ON SUB-LEASE TO JAL AT \$6.5 MILLION EACH FOR TOTAL OF \$15 MILLION INCLUDING SPARES ON 7 YEAR REPAYMENT BASIS.

2. TEAM DISCUSSED HOPED-FOR 80/20 DEBT EQUITY RELATIONSHIP BUT THIS RATIO APPEARS BEYOND REACH. PAL EXPECTS FY 1975 PROFIT OF \$1 MILLION - SUBSTANTIALLY BELOW FORECASTS. AUDITORS NOW REVIEWING RESERVE ACCOUNTS TO DETERMINE AMOUNT AVAILABLE FOR TRANSFER TO CAPITAL ACCOUNTS SO AS TO APPROACH 20 PERCENT EQUITY TARGET. FINANCIAL STATEMENTS DATED NOV. 30, 1975 IN TEAM'S POSSESSION.

3. APPARENTLY PROCUREMENT OF AIRCRAFT QUESTIONABLE SINCE UNITED AIRLINES INTERESTED IN PROCURING ALL 7 EASTERN AIRCRAFT ON SUB-LEASE TO JAL AS A PACKAGE DEAL. REPORTEDLY THIS PROPOSAL PUSHED BY MULTI-BANK CONSORTIUM WHICH LEASED AIRCRAFT TO EASTERN. DECISION BY UNITED EXPECTED FEBRUARY

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2 OR 3.

4. ALTHOUGH EXIMBANK TELEX TO IGOA SUGGESTED A FINANCIAL  
PATTERN SAME AS THAT FOR DC-10 PROCUREMENT, FIRST NATIONAL  
OF CHICAGO AND LOCAL INVESTMENT FIRM APPEAR ABLE TO PROVIDE  
TOTAL PRIVATE SECTOR FINANCING. BANKERS REQUESTED  
ELIMINATION OF EXPORTER RETENTION AND TEAM INDICATED THIS  
COULD BE ACCOMPLISHED. REGARDS, CRAFTON. SULLIVAN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PROCUREMENT, AIRCRAFT, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MANILA01603  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760035-1124  
**From:** MANILA  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1976/newtext/t1976015/aaaaadvb.tel  
**Line Count:** 68  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION XMB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07 JUN 2004 by greeneet>; APPROVED <09 JUN 2004 by morefirh>  
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**Review Referrals:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ECT: USED DC-8 PROCUREMENT BY PAL STATE PASS TO EXIMBANK (HOUSTON) FROM CRAFTON  
**TAGS:** EFIN, BPRO, RP, PAL  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006